

# Memorandum

To: Panel Members Date: July 26, 2001

From: Charles Rufo, Manager  
Peter DeMauro, General Counsel File: goodwill.130agr

Subject: Proposed Agreement for **Goodwill Industries of San Joaquin Valley, Inc. (SET)**  
www.goodwill-sjv.org

## **CONTRACTOR:**

- Multiple Employer: Training Agency
- Training Project Profile: SET-Workers in High Unemployment Areas
- Legislative Priorities: Displaced / Potentially displaced workers
- Type of Industry: Various Industries
- Repeat Contractor: No
- Union Representation: No
- Name and Local Number of Union representing workers to be Trained: N/A

## **CONTRACT:**

- Program Costs: \$296,269
- Substantial Contribution: \$0
- Multiple Employer Support (8% ) \$18,097
- Total ETP Funding: \$314,366
- In-Kind Contribution: \$235,000
- Maximum Contractor Charge: 0 per trainee
- Reimbursement Method: Fixed-Fee
- County(ies) Served: San Joaquin, Stanislaus, Merced, Madera, Fresno, Tulare
- Duration of Agreement: 24 Months

**TRAINING PLAN:**

- |  |   |              |
|--|---|--------------|
| • Average Cost Trainee:                          | New Hire: \$3,788                                   | Retrainee:   |
| • Type(s) of Training:                           | Office Technology, Retail Skills, Janitorial Skills |              |
| • Number to be retained:                         | New Hire: 83  | Retrainee: 0 |
| • Range of hours:                                | 176 - 336   |              |
| • Prevalent hourly wage:                         | \$6.25  |              |
| • Range of hourly wages:                         | \$6.25 to \$7.25                                    |              |
| • Health benefits used to meet ETP minimum wage: | No  |              |

**SUBCONTRACTORS:**

None

**THIRD PARTY SERVICES:**

Applicant states consultant services have not and will not be used.

**NARRATIVE:**

This project will use funds under Title 22, California Code of Regulations, Section 4409(a)(6) Special Employment Training for frontline workers in High Unemployment Areas of California. Employers participating in this training category are subject to the Employment Training Tax, and do not need to meet the out-of-state competition requirements. Trainees do not need to meet regular eligibility criteria, and trainee retention may be completed with up to two participating employers within 120 days if there is evidence of job security after retention. With Panel approval for good cause, retention may be completed with up to three employers. Trainees participating in this project will also work in counties with unemployment rates exceeding the state average by at least 50 percent (San Joaquin 8.6 percent, Stanislaus 11 percent, Merced 15.1 percent, Madera 13.2 percent, Fresno 14.3 percent, and Tulare 15.3 percent).

Goodwill Industries of San Joaquin Valley, Inc. (GISJV) began operating 60 years ago. The GISJV, a member of Goodwill Industries International, is locally operated and governed with corporate offices in Stockton. The service area for GISJV includes six counties: San Joaquin, Stanislaus, Merced, Madera, Fresno, and Tulare. Goodwill's mission is to provide job training and employment opportunities for people with disabilities and other barriers to employment. From 1996 to June 30, 2001, Goodwill has provided occupational skills training to 4,400 persons and many in unsubsidized work experience.

**NARRATIVE:** (continued)

Goodwill Industries of San Joaquin Valley, Inc., is accredited through the Rehabilitation Accreditation Commission to provide employment services coordination, employment skills training services, and community employment services. In addition, GISJV is approved by the Bureau for Private Postsecondary and Vocational Education. Goodwill Industries of San Joaquin Valley is also an eligible training provider in San Joaquin, Stanislaus and Fresno counties through the State Workforce Investment Act (WIA). Goodwill Industries of San Joaquin Valley has also received support from the James Irvine Foundation for the development of a performance measurement system and a client tracking system (Vertex) that will capture and report Career Services outcome information. Vertex is scheduled for implementation during summer 2001. Goodwill Industries of San Joaquin Valley has established partnerships and collaborations with service agencies from San Joaquin County in the north to Tulare County in the south. Goodwill Industries of San Joaquin Valley operates 14 retail stores and employs 350+ individuals in San Joaquin, Stanislaus, Merced, Madera, Fresno and Tulare counties. These retail thrift stores serve as a recruitment and training site for GISJV. In San Joaquin County, GISJV is partnering with the San Joaquin County Workforce Investment Board as a satellite One-Stop, *WorkNET* Center. Goodwill also offers services at the Modesto and Turlock stores in cooperation with Stanislaus County, *StanNET*.

The target population for this project includes individuals with learning disabilities, physical limitations and disabilities, individuals with a history of substance abuse, ex-offenders, individuals without a permanent home. Most participants in this project will have multiple barriers to employment. These individuals have been historically under employed due to limited marketable work skills and/or multiple barriers that have severely limited their ability to hold a job. Based on survey conducted by GISJV last year, 25 percent of their participant population reported limited work skills as their primary barrier to gainful employment. Another 11 percent reported substance abuse as a primary barrier. Ten percent reported chronic unemployment.

This training program will train 83 unemployed individuals in office technology, retail, or janitorial skills. Thirty-eight trainees in JOB #1 will receive 336 hours of office technology skills training in employment skills, word processing, spreadsheets, alphabetic and numeric filing, telephone skills, touch-typing skills, 10-key skills, office equipment, business skills, business forms, reference manuals, and Internet integration training. Forty trainees in JOB #2 will receive 256 hours of retail skills training in employment skills, cash register operation skills, cashiering skills, customer service skills, visual merchandising skills, processing skills, telephone skills, and loss prevention skills training. JOB #3, consisting of five trainees, will receive 176 hours of janitorial skills training in employment skills, cleaning agents, tools of the trade, floor care, stripping wax, tile, linoleum, and synthetic floors, general office care, and cafeteria cleaning.

Goodwill Industries of San Joaquin Valley will conduct all training and project administration. Trainees will be recruited through systems used by the WIBs, such as WorkNet in San Joaquin County and StanNet in Stanislaus County. GISJV will also target agencies, which historically have sent their "barriers" and "hardest-to-serve" clients to Goodwill for training. Examples include St. Mary's Interfaith Dining Room, Sisters of Holy Cross, and homeless shelters.

**NARRATIVE:** (continued)

**Employer Demand**

Goodwill's marketing plan for recruitment of employers includes maintaining memberships in Chambers of Commerce, service organizations such as Rotary Clubs, and professional organizations which foster employment opportunities for Goodwill participants. Goodwill also markets to potential employers through direct marketing (one-on-one, group presentations, mailers, and newsletters) and employer recognition events. Goodwill Industries' senior management also serve on Workforce Investment Boards (WIBs), Employer Advisory Councils (EAC), and other community related collaborations that promote the timely flow of information on businesses and employment opportunities through its six county service areas.

Employer demand is also based on the Employment Development Department, Labor Market Information Division (LMID) data and the California Cooperative Occupational Information System (CCOIS) data for the six county service areas, which indicate that employers have experienced difficulty in finding cashiers, retail salespersons, and general office clerks.

Student tracking data will be provided and available for review for 18 months. Employers participating in this project will provide updates and feedback on the progress of the ETP clients through Goodwill's Job

Coaches. Employers also serve on the Business Advisory Councils (BAC), which ensures that the curriculum is specific to their needs.

**Justification of High Cost**

ETP reimbursement for training will exceed \$2,840 per trainee, which is the ETP average cost per trainee. The cost for office technology is \$4,297 for 336 hours of training; while retail skills is \$3,447 for 256 hours of training. Goodwill Industries of San Joaquin Valley representatives state that the number of training hours is necessary to achieve employment stability and potential advancement opportunities for this population with multi-barriers. Goodwill has successfully provided this training curriculum for over five years. It has proven to be a practical approach to employment preparation when working with this hard-to-serve population.

The cost per trainee that Goodwill Industries of San Joaquin Valley is using is based on the fees provided to other private and public entities (which is less than ETP's hourly fixed fee for new-hires of \$15.00) of \$12.02 for JOB #1 and \$12.66 for JOB #2. Job #3 cost per trainee is using the ETP fixed fee rate of \$15.00 per hour because the private and public fees exceed the ETP fixed fee.

**In-Kind Contribution**

Goodwill Industries of San Joaquin Valley anticipates providing an in-kind contribution of approximately \$235,000 for two (2) employment specialists and four (4) job coaches. These Goodwill staff members will provide after-training job placement, career ladder management and job coaching services for ETP trainees at Goodwill expense. The employment specialist will "manage" the career track of the ETP

**NARRATIVE:** (continued)

trainee by working directly with the employer and ensuring a positive employment experience. Job coaches will assist the new employee with daily job related situations.

**COMMENTS:**

*Training in High Unemployment Areas of California:* Goodwill Industries of San Joaquin Valley is requesting a waiver of the ETP new-hire minimum wage of \$8.66 for San Joaquin, Stanislaus, Merced, Madera, Fresno, and Tulare counties, which are recognized as areas of California with a significantly higher unemployment rate than the state as a whole exceeding the state average by 50 percent or more. The LMID and CCOIS data for these counties indicate that the entry-level wage for new-hires with no experience is \$6.25 per hour. The trainees in this project would consist of trainees who face many barriers to employment, with limited or no work experience. Although the data supports the \$6.25 per hour wage, GISJV representative's report that a person trained in office technology may earn \$12.00 per hour in 18 months. After 12 months a person working in the retail industry may earn \$7.43 per hour. Based on the LMID and CCOIS data, staff recommends the Panel approve the wage range of \$6.25 - \$7.25 per hour wage range after the retention period.

*Retention period with up to three employers:* Goodwill Industries of San Joaquin Valley is requesting a waiver to allow placement during the 120-day retention period with up to three employers. The target population for this project includes individuals with learning disabilities, physical limitations and disabilities, individuals with a history of substance abuse, ex-offenders, and individuals without a permanent home. These individuals have been historically under employed due to limited marketable work skills and/or multiple barriers that have severely limited their ability to hold a job.

Because most participants in this project will have multiple barriers to employment, staff recommends that the Panel allow up to three employers for placement during the 120-day retention period.

**PROPOSED ACTION:**

Staff recommends that the Panel approve this Proposed Agreement and the Contractor's wage range of \$6.25 - \$7.25 per hour and allow up to three participating employers during the retention period, if the project meets the Panel's priorities and direct staff to prepare a Final Agreement that meets all ETP requirements for the General Counsel's approval. The approval of this project will provide jobs for individuals who have barriers to employment, and will work in counties with unemployment rates exceeding the state average by at least 50 percent.

Contractor: Goodwill Industries of San Joaquin Valley, Inc. (SET)

Training Data									(c) Payment Schedule				
1	2	3	4	5 (a) Cls/Lab Video- conf. Hours	6	7	8	9	10	11	12	13	14 (d) Wage After Reten- tion
Job #	Occupations	Type of Training	No. Retain		CBT Hours	(b) SOST Hours	Cost Per Trainee	Total SOST Trainer Hrs.	Hrs. to Enroll/ Pay 1 Enroll	Pay 2 Compl	Pay 3 Hired	Pay 4 After 90 Days	

SET HUA - Office Clerk,  
Clerk Typist, File Clerk,  
Receptionist, Data Entry  
Clerk, Appointment

1	Assistant, Record Clerk	Multiple Employers											\$6.25 -
683		New Hires	38	336			\$4,297		8	\$1,074.25	\$ 1,074.25	\$ -	\$2,148.50
		Office Technology		329									\$7.25
		Literacy Skills		7									

SET HUA - Cashier,  
Salesperson, Counter  
Clerk

2		Multiple Employers											\$6.25 -
683		New Hires	40	256			\$3,447		8	\$ 861.75	\$ 861.75	\$ -	\$1,723.50
		Retail Skills		256									\$7.25

SET HUA - Janitor

3		Multiple Employers											\$6.25 -
683		New Hires	5	176			\$2,640		8	\$ 660.00	\$ 660.00	\$ -	\$1,320.00
		Janitorial Skills		176									\$7.25

**Contract Totals**

<b>Program Cost</b>		\$296,269	<b>Total to be Retained</b>	83
<b>Substantial Contribution (___ %)</b>	(-)	\$0		
<b>Multiple-Empl. Support (8%)</b>	(+)	\$18,097		
<b>TOTAL ETP Funding</b>	(=)	\$314,366		

(a) Advanced Technology must be provided as class/lab.

(b) Figures for calculation purpose only.

(c) For Welfare to Work: Pay 2=50% Completion hrs. Pay 3=100% Completion hrs.

(d) Wages by occupation on Comment Page.

Turnover Rate	% of Mgrs. & Sups. to be trained		Health Benefits Inc. in Wage?		
20.0%	0.0%		No		

Location of training: All training will be conducted at Goodwill Industries of San Joaquin Valley facilities in Stockton, Modesto, Fresno, and Tulare.

Ratios: The ratio of trainers to trainees for class/lab training shall not exceed 1:15 for new hires.

If Health Benefits is "YES", please explain: N/A

Other notes: N/A

(d) Wages by occupation after retention:

<u>Occupations</u>	<u>Wage Range</u>
Office Clerk, Clerk Typist, File Clerk, Receptionist, Data Entry Clerk, Appointment Clerk,	
Administrative Assistant, Record Clerk	\$6.25 - \$7.25
Cashier, Salesperson, Counter Clerk	\$6.25 - \$7.25
Janitor	\$6.25 - \$7.25

## Participating Employers in Retrainee/New Hire Multiple Employer Contracts

Contractor's Name: Goodwill Industries of San Joaquin Valley  
Reference No: 01-0306

CCG No.: ET 02-0109  
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PRINT OR TYPE

Company: Big 5 Sporting Goods

Address: 1053 March Lane

City, State, Zip: Stockton, CA 95207

Contact Person/Title: Mark Girdner – Store Manager

Telephone No.: 209.957.3095

Collective Bargaining Agreement(s): No

Estimated #of employees to be retrained or hired under this Agreement: 2

Total # of full-time company employees worldwide: 1000 +

Company: Big K – (Mart)

Address: 5757 Pacific Avenue

City, State, Zip: Stockton, CA 95207

Contact Person/Title: Brian Hoag, Store Manager

Telephone No.: 209.478.6165

Collective Bargaining Agreement(s): No

Estimated # of employees to be retrained or hired under this Agreement: 10

Total # of full-time company employees worldwide: 1000+

Company: Brookside Cleaning

Address: 2924 Pebble Falls Court

City, State, Zip: Stockton, CA 95207

Contact Person/Title: John Burmeister, Owner

Telephone No.: 209.478.1358

Collective Bargaining Agreement(s): No

Estimated # of employees to be retrained or hired under this Agreement: 2

Total # of full-time company employees worldwide: 2



## Participating Employers in Retrainee/New Hire Multiple Employer Contracts

Contractor's Name: Goodwill Industries of San Joaquin Valley  
Reference No: 01-0306

CCG No.: ET 02-0109  
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PRINT OR TYPE

Company: Central Valley Janitorial

Address: 1123 Sutherland Drive

City, State, Zip: Stockton, CA 95210

Contact Person/Title: Bob Leonard, Owner

Telephone No.: 209.952.9272

Collective Bargaining Agreement(s): No

Estimated #of employees to be retrained or hired under this Agreement: 2

Total # of full-time company employees worldwide: 12

Company: Golden Specialty Services Corp

Address: 6333 Pacific Avenue

City, State, Zip: Stockton, CA 95202

Contact Person/Title: Dee Smithee, Owner

Telephone No.: 209.474.2864

Collective Bargaining Agreement(s): No

Estimated # of employees to be retrained or hired under this Agreement: 2

Total # of full-time company employees worldwide: 9

Company: Home Depot

Address: 3818 E. Hammer

City, State, Zip: Stockton, CA 95202

Contact Person/Title: Jill Silvers, Operations Manager

Telephone No.: 209.476.9600

Collective Bargaining Agreement(s): No

Estimated # of employees to be retrained or hired under this Agreement: 5

Total # of full-time company employees worldwide: 1000 +

## Participating Employers in Retrainee/New Hire Multiple Employer Contracts

Contractor's Name: Goodwill Industries of San Joaquin Valley  
Reference No: 01-0306

CCG No.: ET 02-0109  
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PRINT OR TYPE

Company: J. C. Penny's

Address: 4915 Claremont Avenue

City, State, Zip: Stockton, CA 95207

Contact Person/Title: Roger Hanson, Store Manager

Telephone No.: 209.951.1110

Collective Bargaining Agreement(s): No

Estimated #of employees to be retrained or hired under this Agreement: 10

Total # of full-time company employees worldwide: 1000 +

Company: K-Mart

Address: 1075 Shaw

City, State, Zip: Clovis, CA 93612

Contact Person/Title: Troy Norris, Store Manager

Telephone No.: 559.298.9772

Collective Bargaining Agreement(s): No

Estimated # of employees to be retrained or hired under this Agreement: 5

Total # of full-time company employees worldwide: 1000 +

Company: K-Mart #2

Address: 4987 E. Kings Canyon

City, State, Zip: Fresno, CA 93727

Contact Person/Title: Harvey Rangel, Store Manager

Telephone No.: 559.456.1116

Collective Bargaining Agreement(s): No

Estimated # of employees to be retrained or hired under this Agreement: 6

Total # of full-time company employees worldwide: 1000 +

## Participating Employers in Retrainee/New Hire Multiple Employer Contracts

Contractor's Name: Goodwill Industries of San Joaquin Valley  
Reference No: 01-0306

CCG No.: ET 02-0109  
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PRINT OR TYPE

Company: K-Mart #3

Address: 4080 West Shaw

City, State, Zip: Fresno, CA 93722

Contact Person/Title: Roger Galler, Store Manager

Telephone No.: 559.277.8473

Collective Bargaining Agreement(s): No

Estimated #of employees to be retrained or hired under this Agreement: 13

Total # of full-time company employees worldwide: 1000 +

Company: K-Mart #4

Address: 1050 West Olive

City, State, Zip: Fresno, CA 93728

Contact Person/Title: Doug Lee, Store Manager

Telephone No.: 559.264.4677

Collective Bargaining Agreement(s): No

Estimated # of employees to be retrained or hired under this Agreement: 5

Total # of full-time company employees worldwide: 1000 +

Company: Merit Janitorial

Address: 540 North Hunter

City, State, Zip: Stockton, CA 95202

Contact Person/Title: Don Nelson, Owner

Telephone No.: 209.466.0181

Collective Bargaining Agreement(s): No

Estimated # of employees to be retrained or hired under this Agreement: 3

Total # of full-time company employees worldwide: 10

## Participating Employers in Retrainee/New Hire Multiple Employer Contracts

Contractor's Name: Goodwill Industries of San Joaquin Valley  
Reference No: 01-0306

CCG No.: ET 02-0109  
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PRINT OR TYPE

Company: New Directions

Address: 1981 Cherokee Road

City, State, Zip: Stockton, CA 95205

Contact Person/Title: Dale Benner, Director

Telephone No.: 209.870.6506

Collective Bargaining Agreement(s): No

Estimated #of employees to be retrained or hired under this Agreement: 2

Total # of full-time company employees worldwide: 10

Company: Picadilly Inn Hotel - Airport

Address: 5115 F. McKinley

City, State, Zip: Fresno, CA 93727

Contact Person/Title: Kathy Dell, General Manager

Telephone No.: 559.251.6000

Collective Bargaining Agreement(s): No

Estimated # of employees to be retrained or hired under this Agreement: 5

Total # of full-time company employees worldwide: 49

Company: Picadilly Inn Hotels - University

Address: 4961 North Cedar

City, State, Zip: Fresno, CA 93726

Contact Person/Title: Theresa Kraus, General Manager

Telephone No.: 559.224.4200

Collective Bargaining Agreement(s): No

Estimated # of employees to be retrained or hired under this Agreement: 8

Total # of full-time company employees worldwide: 41

## Participating Employers in Retrainee/New Hire Multiple Employer Contracts

Contractor's Name: Goodwill Industries of San Joaquin Valley  
Reference No: 01-0306

CCG No.: ET 02-0109  
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PRINT OR TYPE

Company: Sears, Roebuck & Co., Inc.

Address: 5110 Pacific Avenue

City, State, Zip: Stockton, CA 95207

Contact Person/Title: Jim Ball, Store Manager

Telephone No.: 209.475.6568

Collective Bargaining Agreement(s): No

Estimated #of employees to be retrained or hired under this Agreement: 5

Total # of full-time company employees worldwide: 1000 +

Company: Target Stores

Address: 4707 Pacific Avenue

City, State, Zip: Stockton, CA 95207

Contact Person/Title: Tracy Irelan, Personnel Manager

Telephone No.: 209.475.6568

Collective Bargaining Agreement(s): No

Estimated # of employees to be retrained or hired under this Agreement: 5

Total # of full-time company employees worldwide: 1000 +

Company: Wal-Mart

Address: 3702 East Hammer Lane

City, State, Zip: Stockton, CA 95202

Contact Person/Title: Rich Green, Manager

Telephone No.: 209.473.2796

Collective Bargaining Agreement(s):

Estimated # of employees to be retrained or hired under this Agreement: 5

Total # of full-time company employees worldwide: 1000 +